

Message Text

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42

ACTION ARA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 RSC-01

CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01 COME-00

XMB-02 IGA-01 FEAE-00 ARAE-00 L-02 CIAE-00 DODE-00

INR-05 NSAE-00 PA-01 USIA-06 PRS-01 /068 W

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P 191741Z DEC 74

FM AMEMBASSY QUITO

TO SECSTATE WASHDC PRIORITY 3743

INFO AMCONSUL GUAYAQUIL PRIORITY

C O N F I D E N T I A L QUITO 8648

E.O. 11652: GDS

TAGS: PGOV, ENRG, EINV, EC

SUBJECT: ADA CASE: ONLY NORTHWEST PIPELINE CORPORATION BIDS ON
FORMER ADA CONCESSION

REF: QUITO 6375

1. QUITO LEADING DAILY EL COMERCIO DECEMBER 19 FRONT PAGED
ANNOUNCEMENT MADE DECEMBER 18 BE CEPE GENERAL MANAGER COL.
RENE VARGAS THAT OF THE TWELVE FIRMS QUALIFIED (SEE REFTEL),
ONLY NORTHWEST PIPELINE CORPORATION, A U.S. FIRM, SUBMITTED A
BID ON THE FORMER ADA CONCESSION. EL COMERCIO QUOTES VARGAS
AS SAYING "THE PRESENCE OF ONLY ONE FIRM IN THE BIDDING FOR
THE EXPLORATION AND EXPLOITATION OF HYDROCARBONS AND FREE GAS
IN THE GULF OF GUAYAQUIL RESPONDS TO THE POSITION OF THE PETRO-
LEUM CONSUMING COUNTRIES OF CARRYING OUT WHAT COULD BE CALLED
(A CERTAIN KIND) OF BOYCOTT OF THE BIDDING SYSTEM. THESE
COUNTRIES WANT TO IMPOSE THE OLD RULES OF THE GAME, TO DEAL
DIRECTLY WITH THE COMPANIES." UPON BEING ASKED BY A REPORTER
WHETHER THE BIDDING RULES COULD NOT BE CALLED "TOUGH", VARGAS
REPLIED THAT ABOVE EVERYTHING ELSE THE LAW HAD TO BE COMPLIED
WITH "" THE RULES ARE BASED ON THAT AND IT WOULD HAVE BEEN DIFFI-
CULT TO HAVE DRAWN UP ANOTHER SET OF RULES.

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2. QUITO DAILY EL TIEMPO COMMENTED EDITORIALY ON DECEMBER 19 ABOUT "THE ETERNAL PROBLEM OF THE GULF", REVIEWING THE TWO YEARS OF DELAYS AND POSTPONEMENTS IN FINDING A MECHANISM TO RESTART EXPLORATION, EXPRESSING DISAPPOINTMENT THAT ONLY ONE COMPANY BID AND NOTING THAT THIS FACT MAY REQUIRE THE GOE TO DECLARE THE BIDDING INVALID. EDITORIAL CONCLUDES WITH EXPRESSION OF FEAR THAT THE PROBLEM OF THE GULF WILL DRAG ON INDEFINITELY.

3. COMMENT: IF NO U.S. FIRM HAD BID, A GREAT MANY PEOPLE WOULD PROBABLY HAVE TAKEN THIS AS EVIDENCE OF USG MANIPULATION TO CLEAR THE WAY FOR RE-AWARD OF GULF OF GUAYAQUIL EXPLORATION TO ADA. THEREFORE, IT IS GOOD FROM THE PUBLIC RELATIONS POINT OF VIEW THAT NORTHWEST PIPELINE BID, WHETHER THE BID IS ACCEPTED OR NOT. EMBASSY ALLOWED NO CONTACT WITH NORTHWEST PIPELINE. ITS AMERICAN REPRESENTATIVE IS YURA ARKUS-DUNTOV, WHO DEPARTMENT OFFICERS WILL RECALL WAS A VICE PRESIDENT OF EQUITY FUNDING UNTIL SCANDAL BROKE IN 1973 AND USED TO OVERSEE EQUITY FUNDING'S INVESTMENT IN ADA CONSORTIUM.
BREWSTER

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